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**PRESIDENT'S ADVISORY
PANEL
ON FEDERAL TAX REFORM**

2005 MAR 28 P 6:03

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March 17, 2005

Senator Connie Mack, III
Chairman
The President's Advisory Panel on Federal Tax Reform
1440 New York Avenue, NW
Suite 2100
Washington, DC 20220

Re: The President's Advisory Panel on Federal Tax Reform

Dear Senator Mack:

This letter responds to your call for comments on problems faced by individuals and businesses under our current tax laws.

First, let me qualify myself. I have been practicing tax law for forty years. I received an L.L.M. in taxation at New York University in 1966. I was on the faculty of the L.L.M. taxation program for a year and a half. I clerked for two years for Judge William F. Fay of the United States Tax Court. And I have been practicing with Armstrong Teasdale LLP since 1969.

Based upon forty years of experience, it is my opinion that the United States should either eliminate its income tax or reduce the importance of it by dramatically cutting rates. While no one likes to pay taxes, people with whom I have dealt have become increasingly cynical about our income tax system. The general feeling is that it has lost its integrity and that it is not politically feasible to reform it.

It is further my opinion that Congress should adopt a value added tax as the primary source of revenues for the United States government. I think that a national sales tax is too visible and there will be immense political pressures to tinker with it. A flat tax, likewise, will be subject to politics, resulting in numerous exceptions. Finally, a consumed income tax is too complicated, because it keys off the present income tax system.

A value added tax makes sense politically, because the public will not have a detailed consciousness of how it affects the price of goods. Moreover, it is easy to adjust tax revenues under a value added tax, to match current needs. Finally, a value added tax will eliminate the "tax gap" – everyone will pay it: criminal, millionaire, factory worker. No exceptions.

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People argue that a value added tax is regressive. But if the United States eliminates its payroll taxes and has appropriate rates or exceptions for food and drugs, I suspect that the distribution of the tax burden under a value added tax would not be significantly different than it is now. Keep in mind – and I speak from experience – it is the wealthy who are able to reduce or avoid income taxes, not the middle class.

The opinions expressed in this letter are mine; they do not reflect a position of Armstrong Teasdale LLP.

Yours very truly,

A handwritten signature in cursive script that reads "Robert Lewis Jackson".

Robert Lewis Jackson

RLJ/crt